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SUBJECT: HONG KONG DRAFTING ANTI-MONEY LAUNDERING
LEGISLATION

REF: HONG KONG 0062

¶1. (SBU) Hong Kong Financial Services and Treasury Bureau officials are drafting anti-money laundering (AML) legislation, which they expect to submit to the Legislative Council for approval in early 2010. They hope to consult with U.S. agencies and experts as they draft the legislation.

¶2. (SBU) Currently, Hong Kong's three financial regulatory agencies (the Hong Kong Monetary Authority, the Securities and Futures Commission and the Office of the Commissioner of Insurance) issue AML guidelines that cover the banking, securities and insurance sectors. Hong Kong does not, however, have legislation/laws providing a statutory backing for these agencies' anti-money guidelines. Additionally, during its 2007 Mutual Evaluation of Hong Kong, the Financial Action Task Force (FATF) noted that Hong Kong lacked sufficient oversight of informal financial entities (e.g., money changers and remittance agents), lacked oversight of non-financial businesses (e.g., lawyers and accountants), and lacked statutory backing for customer due diligence procedures. The new legislation will remedy the weaknesses noted in the FAFT Mutual Evaluation and will provide a legal basis for Hong Kong's AML regime, the Hong Kong officials told us in early February.

¶3. (SBU) Hong Kong's Financial Services and Treasury Bureau officials requested to consult with pertinent USG agencies as they draft their AML legislation. Post has passed this request to the U.S. Embassy Beijing Financial Attache office and stands ready to help arrange such consultations.
DONOVAN